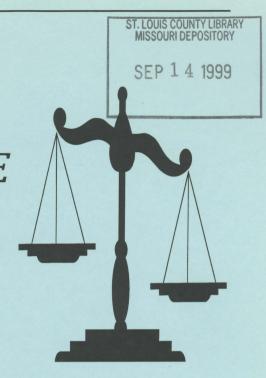
M I S O U R I

LEGAL
MALPRACTICE
INSURANCE
REPORT
1998



MISSOURI DEPARTMENT OF INSURANCE STATISTICS SECTION

MISSOURI LEGAL MALPRACTICE INSURANCE REPORT 1998

Missouri Department of Insurance Statistics Section September 1999



LEGAL MALPRACTICE INSURANCE REPORT EXECUTIVE SUMMARY

This report summarizes the legal malpractice insurance experience in Missouri from 1988 to 1998.

The charts, graphs and tables in this report, which contain closed claim information, were constructed from data collected by the Missouri Department of Insurance as required by Section 383.077 RSMo. The premium and loss data, obtained from the Missouri Page 15 Supplement to the companies' annual statements, are presented in the final section.

In 1998 the loss ratio for legal malpractice insurance in Missouri was 111 percent, increasing significantly from the 1997 loss ratio of 59 percent. For the 11-year period of claims closed¹, 575 (23 percent) were closed with payment. Claims closed in 1998 totaled 313 or a six percent increase from the previous year.

The cost to an insurer for settling legal malpractice cases - the loss adjustment expense, or LAE, (i.e. legal fees, claims adjustment costs, etc.) - has fluctuated over the past 11 years. In 1998, the average loss adjustment expense for all claims closed with payment was \$38,799, while the expenses for all claims, closed with or without payment, averaged only \$8,057. During a span of 11 years, the highest average loss adjustment expense for claims closed with payment occurred in 1989 at \$91,766.

In producing this report, indemnities paid on closed claims have been categorized by various claim characteristics. The number of closed claims, average paid claim, and the total amount paid are included. The categories used for the indemnity analysis are:

- Area of law in which the insured was retained by the claimant
- Major activity in which the lawyer was engaged at the time the alleged error or omission occurred
- Alleged error or omission which was the most significant reason for making the claim
- The legal disposition of the claim at the closing date
- The number of years the insured had been in practice at the time of the alleged error or omission
- The relationship of the insured to the claimant

¹Claims closed may have resulted from incidents in any previous period.

By area of law, the largest percentage of claims closed in 1998 (71 out of 313) were initiated by plaintiffs in *personal injury/property damage cases - plaintiff*).

The largest proportion of all claims closed in 1998, as well as the 11 years, involved the *commencement* of the legal action or proceeding. Failure to know or ascertain deadline correctly was the most common reason stated for filing a claim in 1998. The alleged error that generated the largest number of claims over the 11-year span — 329 — was planning or strategy error, followed by failure to know or ascertain deadline correctly with 285 closed claims. Fifty-eight percent (58%) of all claims paid during 1998 were settled before filing suit or demanding hearing on the alleged malpractice.

In the last two sections of the indemnity analysis, years admitted to practice and insured/claimant relationship, are also reported. The three spans of years admitted to practice are: under 4 years, 4 to 10 years and over 10 years. The largest proportion of losses in 1998 — 97 percent — occurred in the last group, over 10 years admitted to practice. The insured's relationship to the claimant is partitioned into four subclasses: free legal service, non-client, member of pre-paid legal plan and client other than the preceding. The most claims of 1998 occurred in the category of client other than free legal service or member of pre-paid legal plan (i.e., client who did not receive free legal service and who is not a member of a pre-paid legal plan).

Only 10 companies have reported writing legal malpractice insurance and submitted closed claim data in Missouri for 1998. The Bar Plan Mutual Insurance Company has commanded at least 69 percent of the legal malpractice insurance market in this state, each year, since 1986.

This report was compiled using information submitted by insurance companies. As a result, the accuracy of this report is dependent upon the correctness of each company's data. Copies of this report will be made available in braille, large print, or on audio cassette upon request. Any questions regarding this report should be addressed to the Statistics Section, Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

The Missouri Department of Insurance is an Equal Opportunity Employer

Other Publications Available

The Missouri Department of Insurance publishes the following statistical reports. These reports are available by sending a written request along with the payment of \$35 to the Missouri Department of Insurance, P.O. Box 690, Jefferson City, MO 65102-0690.

Missouri Department of Insurance Annual Report
Missouri Medical Malpractice (Closed Claim) Report
Missouri Real Estate Malpractice (Closed Claim) Report
Missouri Market Share Report
Missouri Products Liability (Closed Claim) Report
Missouri Health Maintenance Organization Report
Missouri Complaint Index Report
Missouri Life, Accident & Health Supplement Report
Missouri Property & Casualty Supplement Report
Missouri Mortgage Guaranty Report
Missouri Uninsured Auto Report

Databases Available

Medicare Supplement Experience Data Missouri Zip Code Insurance Data for Homeowners/Dwelling Fire, Farmowners (dwelling only), Mobile Home, Earthquake and Private Passenger Automobile

Some data is available to the public for a fee by special request only. For additional information, contact the Statistics Section at 573/751-4126.



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ELEVEN YEAR SUMMARY (1988-1998)

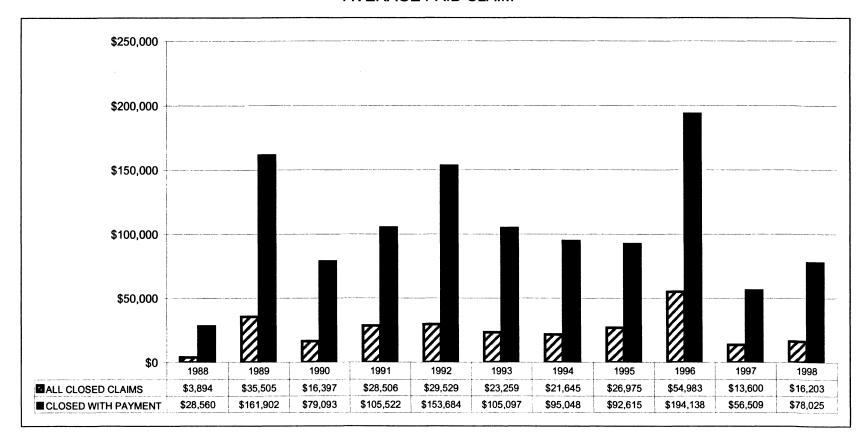


LEGAL MALPRACTICE EXPERIENCE ELEVEN YEAR SUMMARY

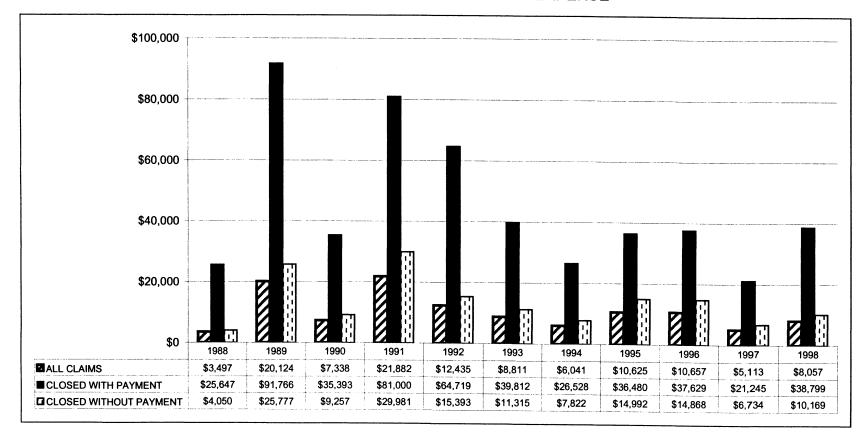
(1988 - 1998)

CLOSED CLAIMS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	TOTAL INDEMNITY PAID	AVERAGE INDEMNITY PAID	TOTAL LOSS EXPENSES PAID	AVERAGE LOSS EXPENSE PAID
All Closed Claims	2,475	100.0%	\$62,541,312	\$25,269	\$24,594,276	\$9,937
Closed with Payment	575	23.2%	\$62,541,312	\$108,767	\$16,824,167	\$29,529
Closed without Payment	1,900	76.8%	\$0	\$0	\$7,770,110	\$4,090
Claims Settled Through Court Proceedings	227	9.2%	\$9,353,990	\$41,207	\$6,708,135	\$29,551
Court Proceedings Resulting in Payment	42	1.7%	\$9,353,990	\$222,714	\$3,566,112	\$84,907

MISSOURI LEGAL MALPRACTICE INSURANCE AVERAGE PAID CLAIM

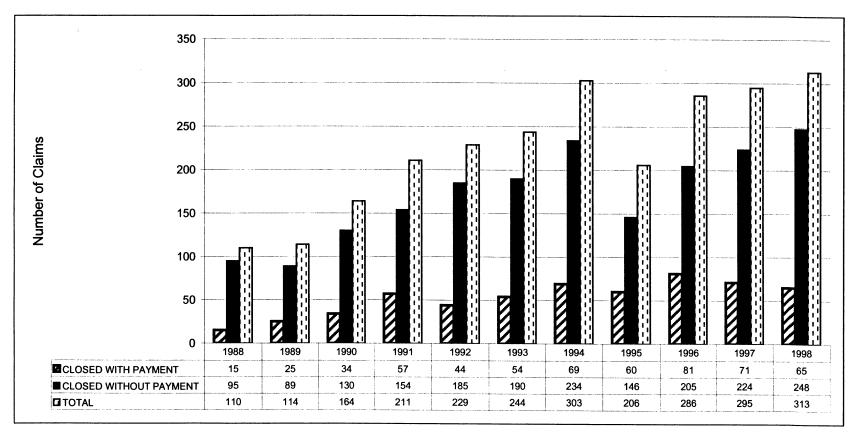


MISSOURI LEGAL MALPRACTICE INSURANCE AVERAGE PAID LOSS ADJUSTMENT EXPENSE



MISSOURI LEGAL MALPRACTICE INSURANCE

CLAIM COUNT 1988 - 1998



ELEVEN YEAR SUMMARY & 1998 SUMMARY BY AREA OF LAW

		1
		1

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1988 - 1998

AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
PERSONAL INJURY/PROPERTY DAMAGE -	641	211	36.70%	\$78,031	\$16,464,584	26.33%	\$5,129
ESTATE. TRUST & PROBATE	258	70	12.17%	\$69,149	\$4,840,462	7.74%	\$7,382
BUSINESS TRANSACTION/COMMERCIAL LAW	252	48	8.35%	\$220,321	\$10,575,391	16.91%	\$17,028
FAMILY LAW	252	49	8.52%	\$59,910	\$2,935,592	4.69%	\$6,211
REAL ESTATE	246	52	9.04%	\$89,633	\$4,660,902	7.45%	\$12,689
COLLECTION & BANKRUPTCY	219	52	9.04%	\$41,887	\$2,178,149	3.48%	\$4,692
CRIMINAL	124	7	1.22%	\$26,000	\$182,000	0.29%	\$2,568
PERSONAL INJURY/PROPERTY DAMAGE – DEFENDANT	119	17	2.96%	\$293,707	\$4,993,017	7.98%	\$6,467
WORKERS COMPENSATION	67	16	2.78%	\$29,276	\$468,422	0.75%	\$2 802
SECURITIES (S.E.C.)	47	10	1.74%	\$742,058	\$7,420,577	11.87%	\$:07,977
CORPORATE & BUSINESS ORGANIZATION	45	10	1.74%	\$370,550	\$3,705,500	5.92%	\$16,696
LABOR LAW	45	8	1.39%	\$160,443	\$1,283,543	2.05%	\$9,176
LOCAL GOVERNME	38	3	0.52%	\$6,000	\$18,000	0.03%	\$8,117
CIVIL RIGHTS & COMMISSION	37	2	0.35%	\$58,000	\$116,000	0.19%	\$5,942
TAXATION	34	7	1.22%	\$46,400	\$324,799	0.52%	\$15,332
PATENTS, TRADEMARKS, COPYRIGHTS	17	3	0.52%	\$22,932	\$68,796	0.11%	\$4,791
CONSTRUCTION (BUILDING CONTRACTS)	12	5	0.87%	\$97,333	\$48 6,666	0.78%	\$17,805
CONSUMER CLAIMS	8	1	0.17%	\$96,651	\$96,651	0.15%	\$24,642
GOVERNMENT CONTRACTS & CLAIMS	5	2	0.35%	\$833,631	\$1,667,262	2.67%	\$65,348
IMMIGRATION & NATURALIZATION	3	0	0.00%	- \$0	\$0	0.00%	\$0
ADMIRALTY	2	1	0.17%	\$15,000	\$15,000	0.02%	\$6,718
ANTITRUST	1	0	0.00%	\$0	\$0	0.00%	\$126
ENVIRONMENT	1	1	0.17%	\$40,000	\$40,000	0.06%	\$0
INTERNATIONAL LAW	1	0	0.00%	\$0	\$0	0.00%	\$ 0
NOT SPECIFIED	1	0	0.00%	\$0	\$0	0.00%	\$0
TOTAL	2,475	575	100.00%	\$108,767	\$62,541,312	100.00%	\$9,937

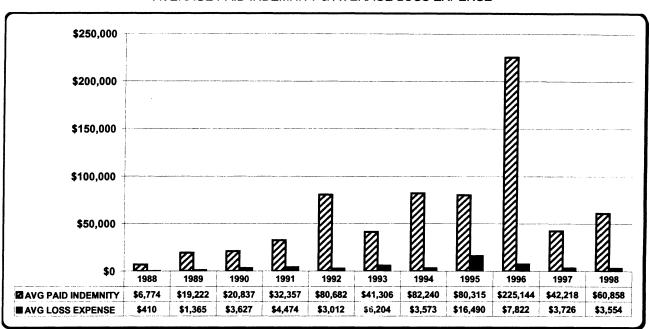
LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1998

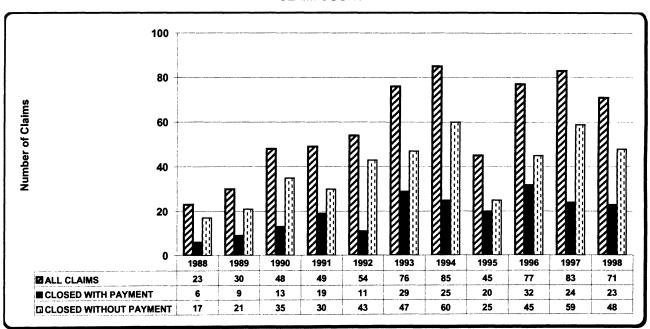
AREA OF LAW	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
PERSONAL INJURY/PROPERTY DAMAGE – PLAINTIFF	71	23	35.38%	\$60,858	\$1,399,742	27.60%	\$3,554
FAMILY LAW	44	7	10.77%	\$15,464	\$108,250	2.13%	\$3,961
ESTATE, TRUST & PROBATE	32	5	7.69%	\$31,660	\$158,300	3.12%	\$2,624
REAL ESTATE	31	7	10.77%	\$11,543	\$80,804	1.59%	\$4,537
COLLECTION & BANKRUPTCY	30	7	10.77%	\$165,412	\$1,157,886	22.83%	\$5,475
WORKERS COMPENSATION	23	4	6.15%	\$27,412	\$109,649	2.16%	\$3,843
BUSINESS TRANSACTION/COMMERCIAL LAW	21	3	4.62%	\$441,667	\$1,325,000	26.13%	\$55,084
CRIMINAL	17	1	1.54%	\$5,000	\$5,000	0.10%	\$2,221
PERSONAL INJURY/PROPERTY DAMAGE-DEFENDANT	13	1	1.54%	\$15,000	\$15,000	0.30%	\$1,579
CORPORATE & BUSINESS ORGANIZATION	8	3	4.62%	\$25,167	\$75,500	1.49%	\$11,959
LOCAL GOVERNMENT	7	2	3.08%	\$5,750	\$11,500	0.23%	\$36,154
CONSUMER CLAIMS	4	0	0.00%	N/A	\$0	0.00%	\$0
LABOR LAW	4	1	1.54%	\$600,000	\$600,000	11.83%	\$12,955
CIVIL RIGHTS & COMMISSION	3	0	0.00%	N/A	\$ 0	0.00%	\$788
TAXATION	2	0	0.00%	N/A	\$0	0.00%	\$0
ANTITRUST	1	0	0.00%	N/A	\$0	0.00%	\$126
CONSTRUCTION (BUILDING CONTRACTS)	1	1	1.54%	\$25,000	\$25,000	0.49%	\$0
PATENTS, TRADEMARKS, COPYRIGHTS	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	313	65	100.00%	\$78,025	\$5,071,631	100.00%	\$8,057

TRENDS
OF THE TOP TEN
AREAS OF LAW
OF 1998

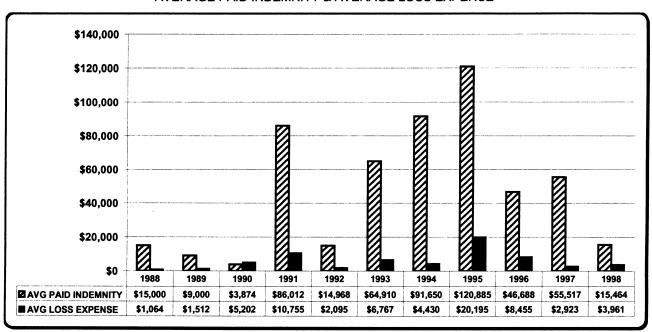
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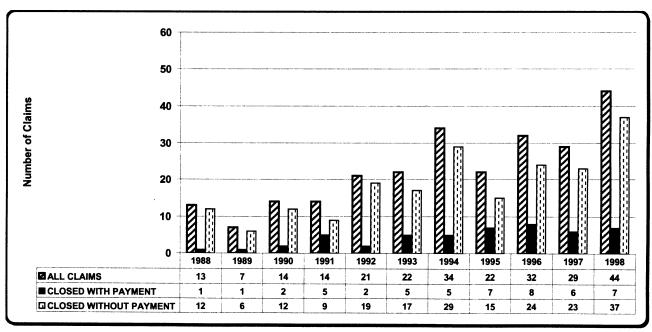
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE





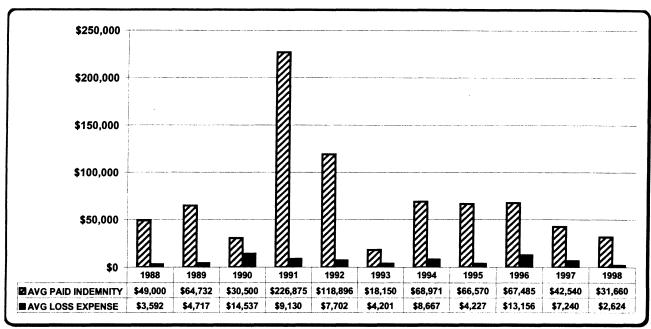
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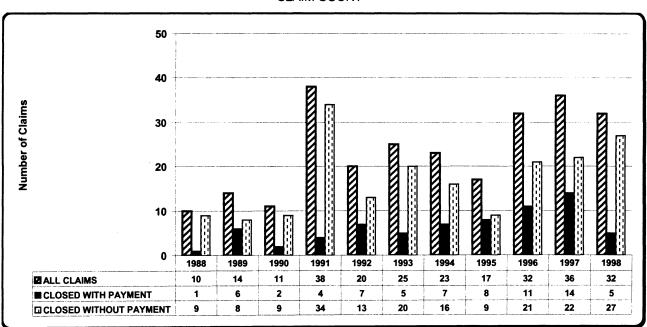




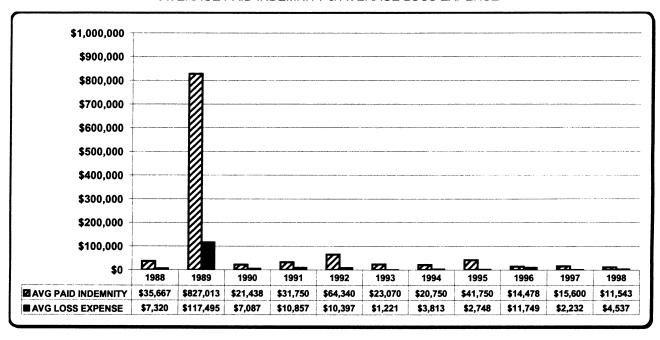
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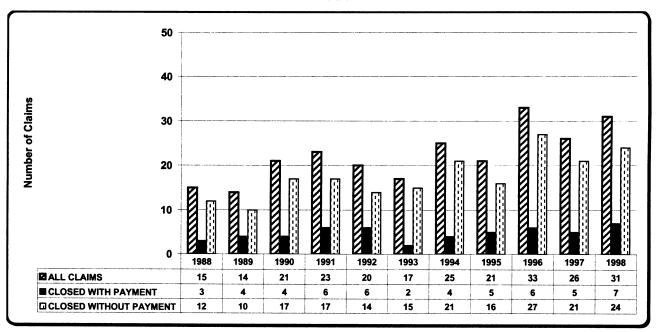
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE





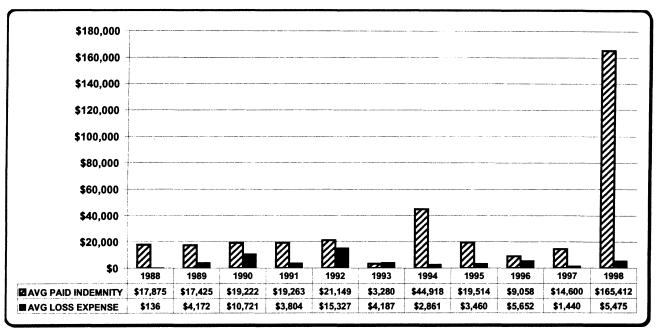
REAL ESTATEAVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

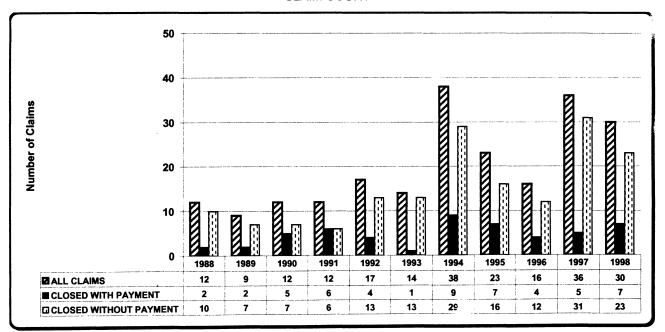




COLLECTION AND BANKRUPTCY

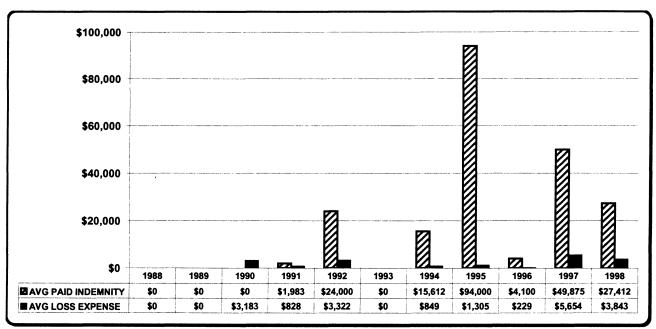
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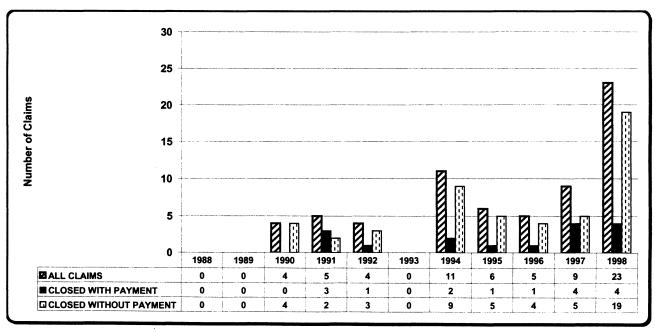




WORKERS' COMPENSATION

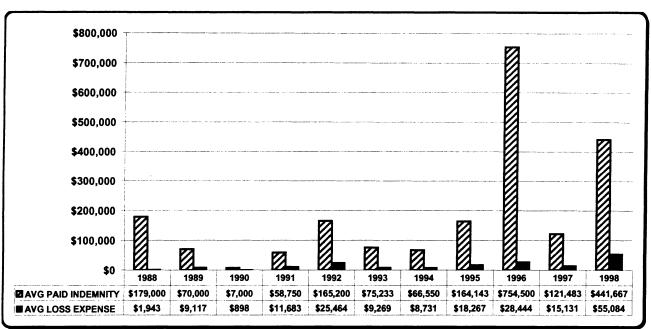
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

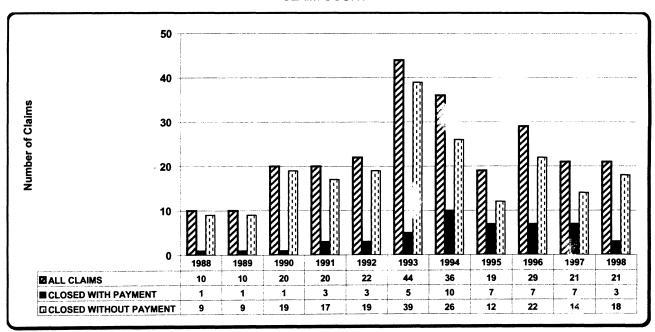




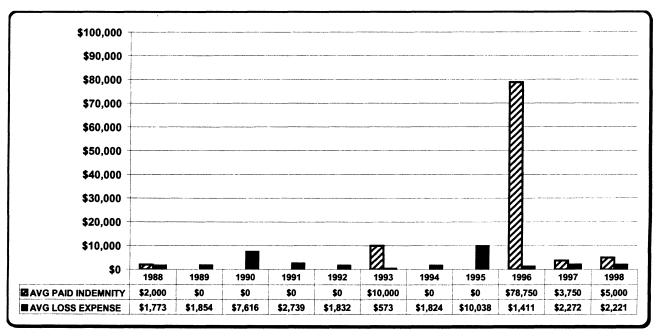
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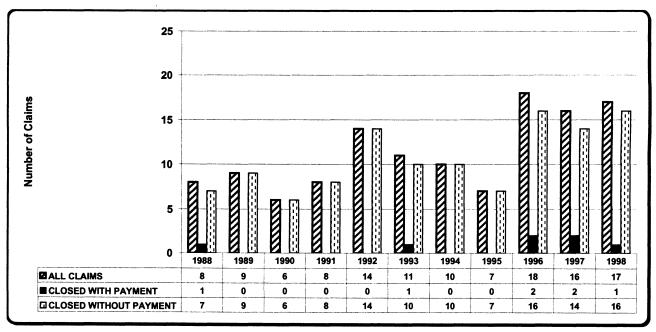
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE





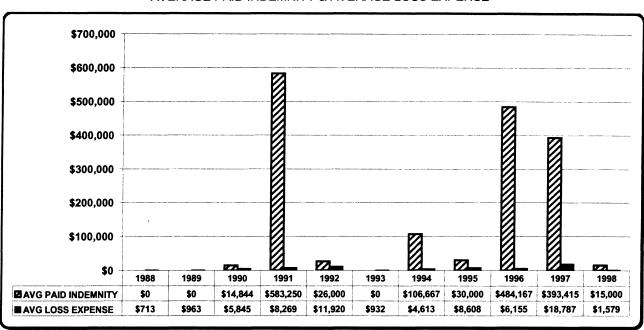
CRIMINALAVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

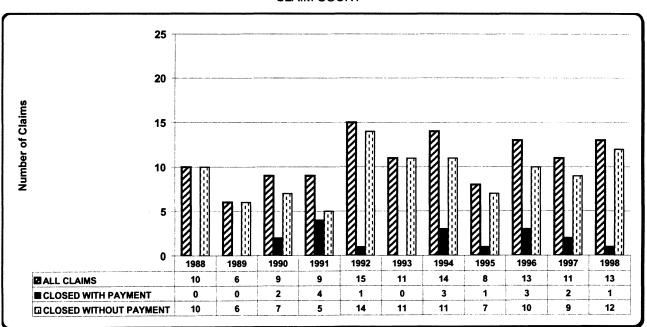




PERSONAL INJURY/PROPERTY DAMAGE - DEFENDANT

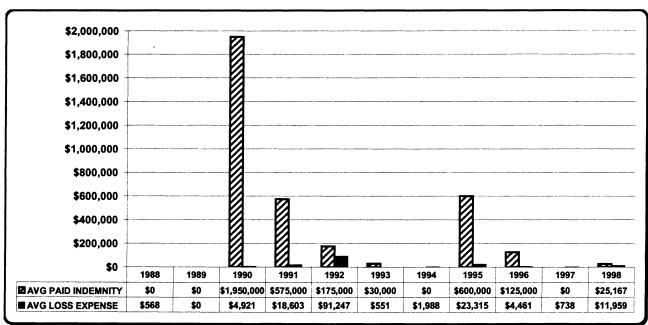
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



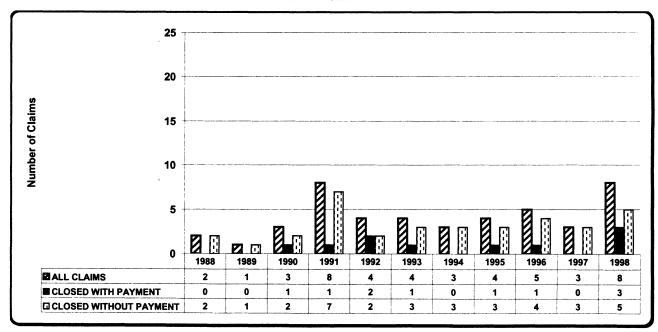


CORPORATE AND BUSINESS ORGANIZATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE



CLAIM COUNT



ELEVEN YEAR SUMMARY & 1998 SUMMARY BY MAJOR ACTIVITY



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1988 - 1998

MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	658	186	32.35%	\$65,735	\$12,226,637	19.55%	\$4,917
SETTLEMENT AND NEGOTIATION	326	65	11.30%	\$134,823	\$8,763,527	14.01%	\$9,827
PREPARATION, TRANSMITTAL OR FILING	307	81	14.09%	\$71,230	\$5,769,663	9.23%	\$15,551
PRE-TRIAL, PRE-HEARING	306	76	13.22%	\$112,293	\$8,534,304	13.65%	\$5,059
CONSULTATION OR ADVICE	230	49	8.52%	\$203,307	\$9,962,048	15.93%	\$17,879
TRIAL OR HEARING	145	19	3.30%	\$47,921	\$910,500	1.46%	\$4,361
OTHER	119	15	2.61%	\$328,733	\$4,931,000	7.88%	\$20,913
EXPARTE PROCEEDINGS	84	22	3.83%	\$62,961	\$1,385,133	2.21%	\$7,333
OTHER WRITTEN OPINION	59	13	2.26%	\$148,518	\$1,930,738	3.09%	\$14,149
APPEAL ACTIVITIES	54	8	1.39%	\$47,306	\$378,445	0.61%	3
INVESTIGATION, OTHER THAN LITIGATION	50	15	2.61%	\$255,913	\$3,838,697	6.14%	್ಯ
POST TRIAL OR HEARING	48	7	1.22%	\$15,586	\$109,100	0.17%	\$2,516
REFERRAL TO ANOTHER PROFESSIONAL	34	6	1.04%	\$550,792	\$3,304,750	5.28%	\$26,580
TITLE OPINION	33	5	0.87%	\$21,900	\$109,500	0.18%	\$6,508
TAX REPORTING OR PAYMENT	21	8	1.39%	\$48,409	\$387,270	0.62%	\$6,340
NOT SPECIFIED	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	2,475	575	100.00%	\$108,767	\$62,541,312	100.00%	\$9,937

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1998

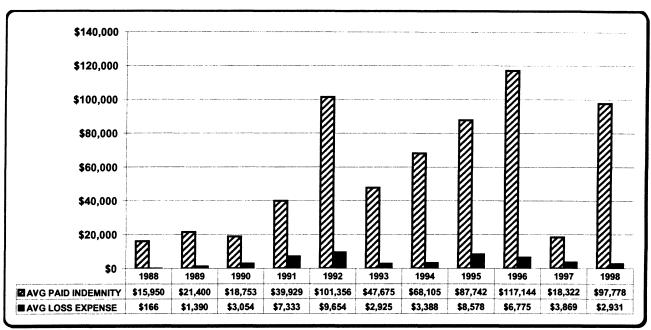
MAJOR ACTIVITY CODE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
COMMENCEMENT OF ACTION OR PROCEEDING	78	21	32.31%	\$97,778	\$2,053,348	40.49%	\$2,931
SETTLEMENT AND NEGOTIATION	63	11	16.92%	\$148,760	\$1,636,363	32.27%	\$16,452
PRE-TRIAL, PRE-HEARING	43	13	20.00%	\$29,894	\$388,622	7.66%	\$5,026
PREPARATION, TRANSMITTAL OR FILING	41	11	16.92%	\$69,754	\$767,298	15.13%	\$8,455
CONSULTATION OR ADVICE	22	4	6.15%	\$17,750	\$71,000	1.40%	\$15,451
OTHER	22	0	0.00%	N/A	\$0	0.00%	\$4,320
TRIAL OR HEARING	17	2	3.08%	\$27,500	\$55,000	1.08%	\$6,679
APPEAL ACTIVITIES	7	0	0.00%	N/A	\$ 0	0.00%	\$5,569
EXPARTE PROCEEDINGS	6	1	1.54%	\$50,000	\$50,000	0.99%	\$6,394
POST TRIAL OR HEARING	6	11	1.54%	\$41,000	\$41,000	0.81%	\$8,060
INVESTIGATION, OTHER THAN LITIGATION	4	1	1.54%	\$9,000	\$9,000	0.18%	\$4,037
OTHER WRITTEN OPINION	2	0	0.00%	N/A	\$0	0.00%	\$1,182
REFERRAL TO ANOTHER PROFESSIONAL	1	0	0.00%	N/A	\$0	0.00%	\$ 0
TITLE OPINION	1	0	0.00%	N/A	\$0	0.00%	\$1,385
TOTAL	313	65	100.00%	\$78,025	\$5,071,631	100.00%	\$8,057

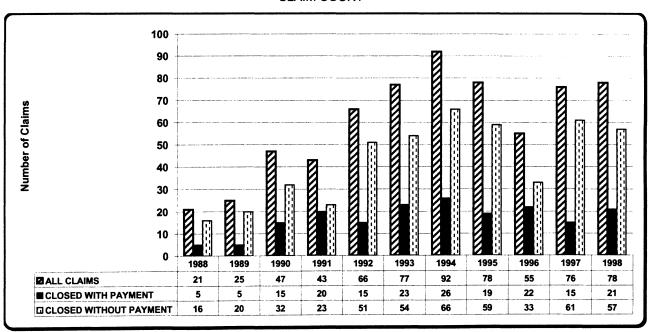
TRENDS
OF THE TOP TEN
MAJOR ACTIVITY
OF 1998



COMMENCEMENT OF ACTION OR PROCEEDING

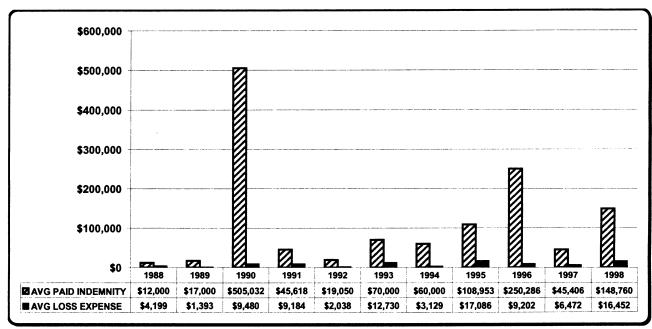
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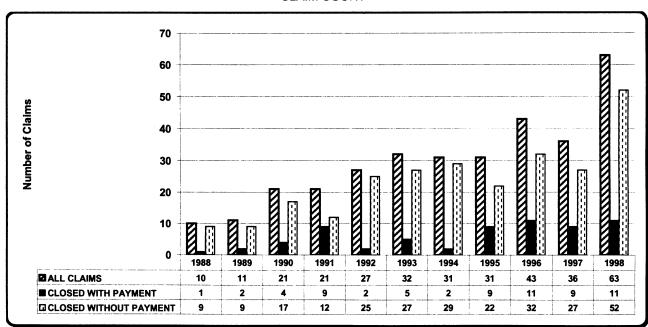




SETTLEMENT AND NEGOTIATION

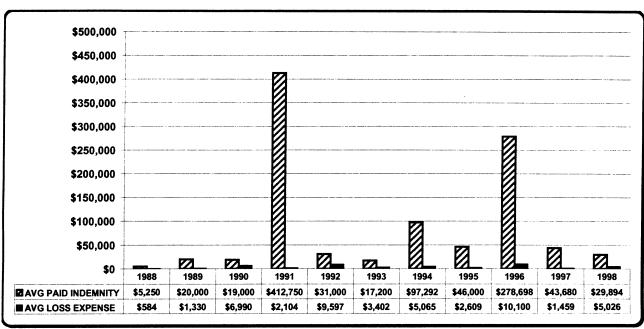
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

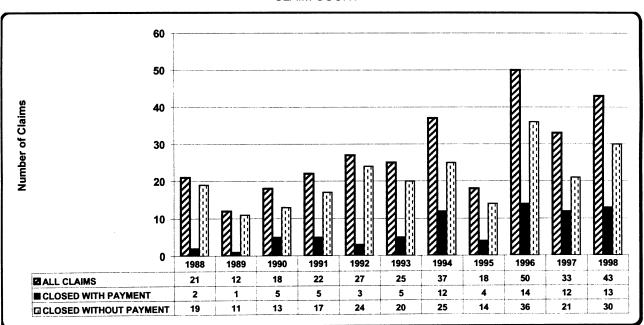




PRE-TRIAL, PRE-HEARING

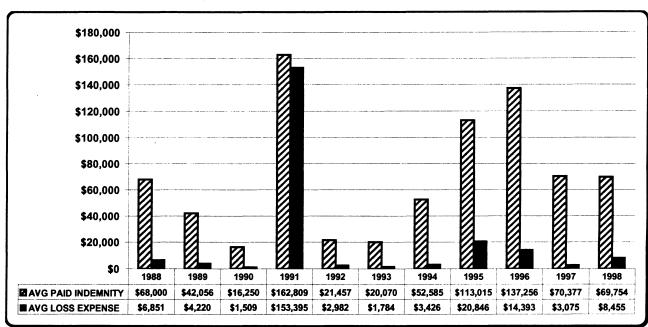
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

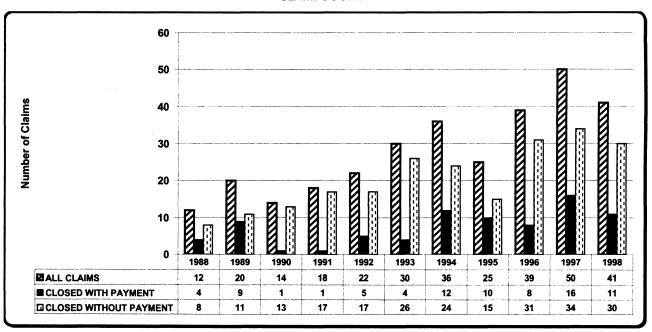




PREPARATION, TRANSMITTAL OR FILING

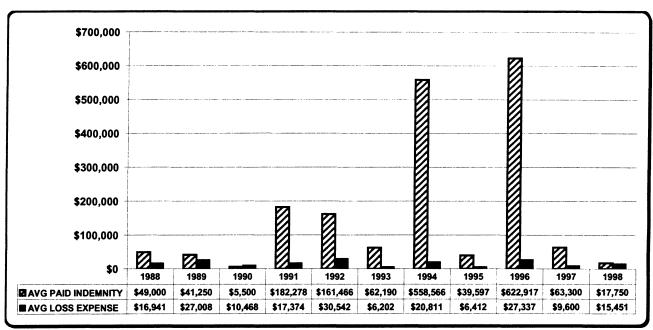
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

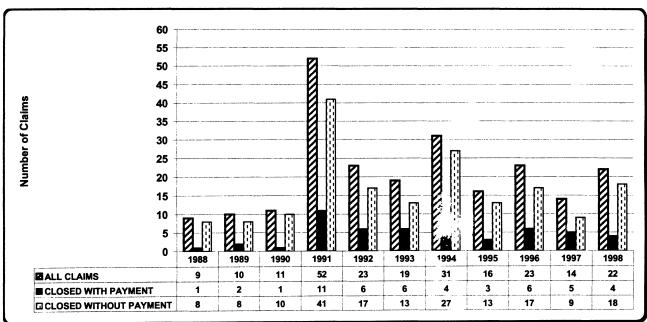




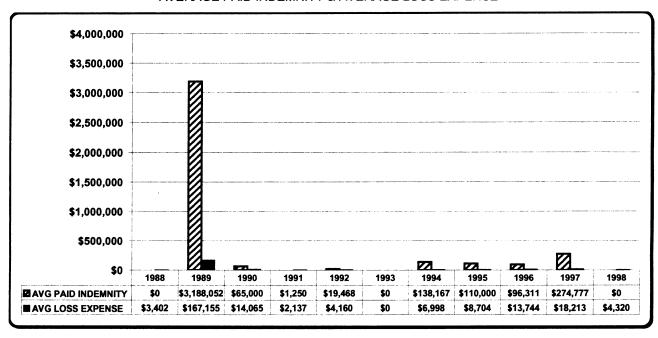
CONSULTATION OR ADVICE

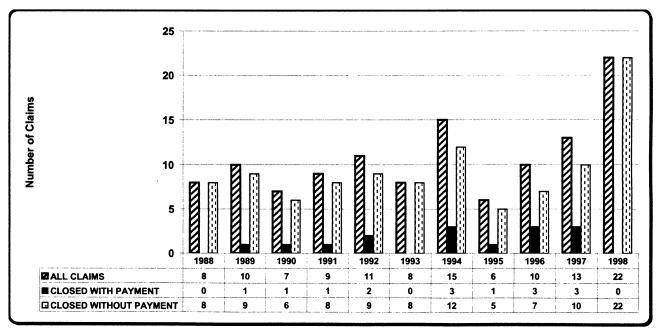
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE





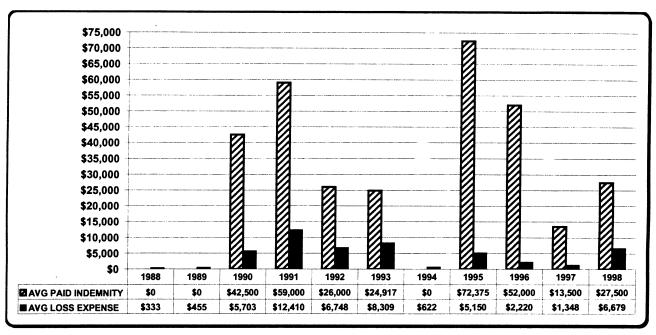
OTHERAVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

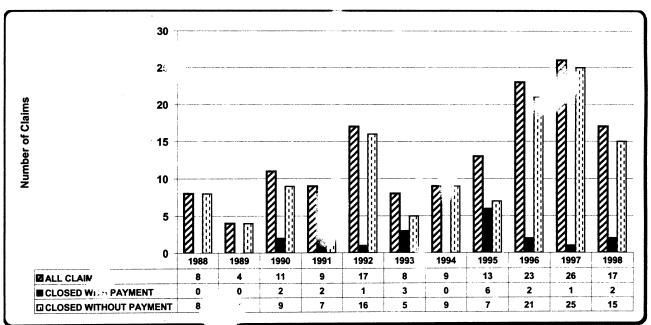




TRIAL OR HEARING

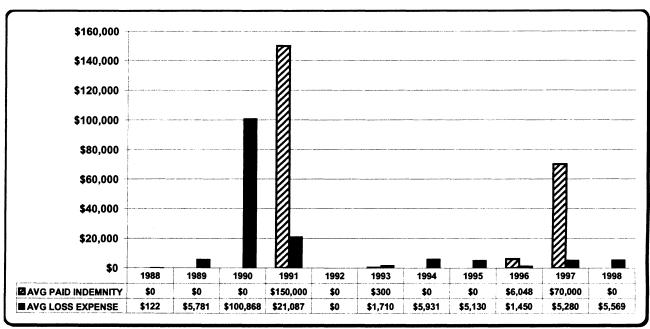
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

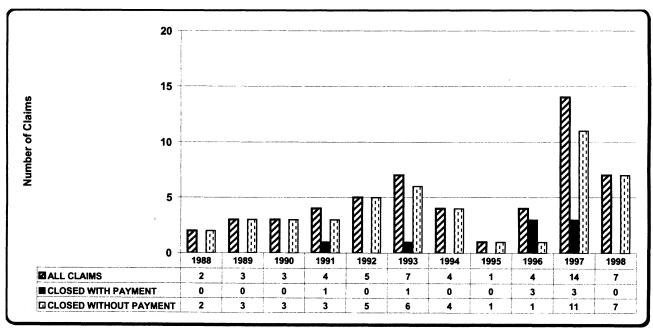




APPEAL ACTIVITIES

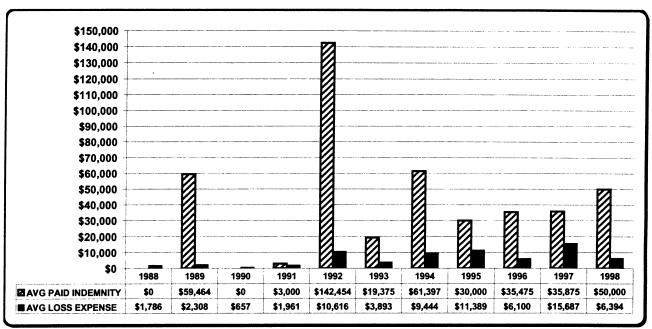
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

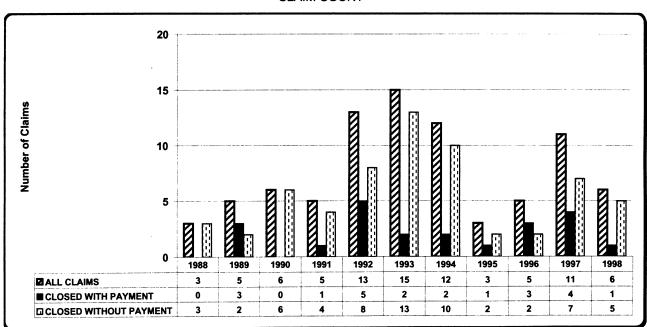




EXPARTE PROCEEDINGS

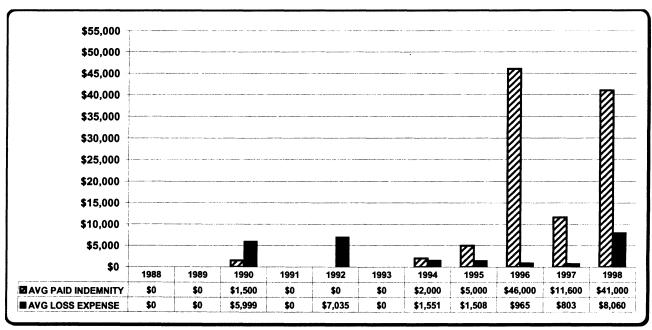
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

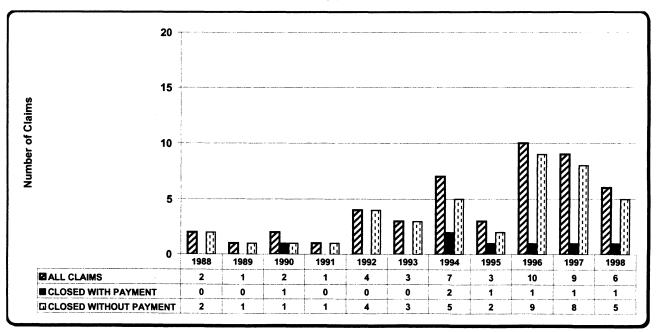




POST TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE





ELEVEN YEAR SUMMARY & 1998 SUMMARY BY ALLEGED ERRORS OR OMISSIONS

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LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1988 - 1998

ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
PLANNING OR STRATEGY ERROR	329	65	11.30%	\$111,774	\$7,265,327	11.62%	\$8,389
FAIL TO ASCERTAIN DEADLINE CORRECTLY	285	116	20.17%	\$57,438	\$6,662,807	10.65%	\$3,428
FAIL TO KNOW OR PROPERLY APPLY THE LAW	226	62	10.78%	\$142,096	\$8,809,973	14.09%	\$11,626
PROCRASTINATION OR LACK OF FOLLOW-UP	184	39	6.78%	\$78,372	\$3,056,498	4.89%	\$2,766
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	168	22	3.83%	\$32,367	\$712,078	1.14%	\$5,702
INADEQUATE INVESTIGATION	158	37	6.43%	\$168,985	\$6,252,438	10.00%	\$14,736
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	141	24	4.17%	\$97,664	\$2,343,943	3.75%	\$4,252
CONFLICT OF INTEREST	138	30	5.22%	\$319,127	\$9,573,796	15.31%	\$12,298
FAIL TO OBTAIN CLIENTS CONSENT	129	26	4.52%	\$100,549	\$2,614,271	4.18%	\$12,094
FRAUD	126	15	2.61%	\$278,985	\$4,184,778	6.69%	\$42,048
FAILURE TO CALENDAR PROPERLY	120	43	7.48%	\$29,422	\$1,265,145	2.02%	\$2,835
OTHER	103	22	3.83%	\$205,371	\$4,518,164	7.22%	\$26,321
VIOLATION OF CIVIL RIGHTS	94	3	0.52%	\$193,416	\$580,248	0.93%	498
FAIL TO ANTICIPATE TAX CONSEQUENCES	54	16	2.78%	\$45,382	\$726,114	1.16%	\$9,460
FAILURE TO REACT TO CALENDAR	44	17	2.96%	\$47,221	\$802,755	1.28%	\$7,512
IMPROPER WITHDRAWAL FROM REPRESENTATION	44	9	1.57	* 3 J56	. 501 €00	0.42%	€ 0.10
ERROR IN PUBLIC RECORD SEARCH	35	5	0.87%	\$35,700	\$178,50 0	0.29%	
CLERICAL ERROR	32	6	1.04%	\$45,617	\$273,702	0.44%	\$2, 2 06
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	28	11	1.91%	\$39,268	\$431,948	0.69%	\$6,319
LIBEL OR SLANDER	24	2	0.35%	\$6,500	\$13,000	0.02%	\$3,244
LOST FILE, DOCUMENT OR EVIDENCE	8	3	0.52%	\$664,257	\$1,992,770	3.75 5	\$5,433
ERROR IN MATHEMATICAL CALCULATION	4	2	0.35%	\$10,779	\$21,558	0.03%	\$22,089
NOT SPECIFIED	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	2,475	575	100.00%	\$108,767	\$62,541 112	100.00%	\$9,937

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1998

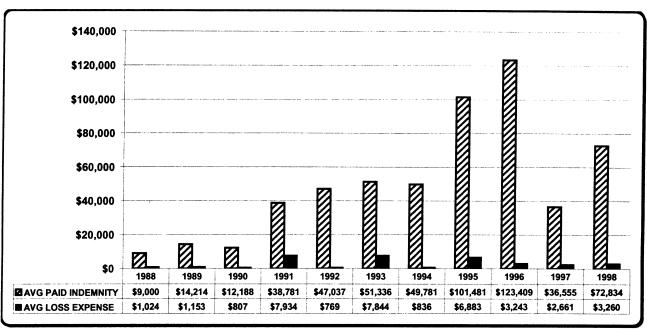
ERROR OR OMISSION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
FAIL TO ASCERTAIN DEADLINE CORRECTLY	53	16	24.62%	\$72,834	\$1,165,348	22.98%	\$3,260
PLANNING OR STRATEGY ERROR	45	13	20.00%	\$47,600	\$618,804	12.20%	\$15,978
PROCRASTINATION OR LACK OF FOLLOW-UP	44	7	10.77%	\$12,803	\$89,618	1.77%	\$1,042
FAIL TO FOLLOW CLIENTS INSTRUCTIONS	23	8	12.31%	\$172,913	\$1,383,300	27.28%	\$4,691
MALICIOUS PROSECUTION OR ABUSE OF PROCESS	21	4	6.15%	\$19,875	\$79,500	1.57%	\$3,101
FAIL TO OBTAIN CLIENTS CONSENT	18	3	4.62%	\$4,448	\$13,343	0.26%	\$2,248
FAIL TO KNOW OR PROPERLY APPLY THE LAW	17	4	6.15%	\$203,481	\$813,925	16.05%	\$45,760
CONFLICT OF INTEREST	15	1	1.54%	\$8,000	\$8,000	0.16%	\$12,324
VIOLATION OF CIVIL RIGHTS	15	1	1.54%	\$5,000	\$5,000	0.10%	\$5,365
INADEQUATE INVESTIGATION	13	1	1.54%	\$600,000	\$600,000	11.83%	\$8,736
OTHER	12	1	1.54%	\$15,500	\$15,500	0.31%	\$2,407
FRAUD	8	0	0.00%	N/A	\$ 0	0.00%	\$4,120
IMPROPER WITHDRAWAL FROM REPRESENTATION	7	1	1.54%	\$15,000	\$15,000	0.30%	\$3,136
FAILURE TO CALENDAR PROPERLY	6	2	3.08%	\$28,250	\$56,500	1.11%	\$2,428
LIBEL OR SLANDER	4	00	0.00%	N/A	\$0	0.00%	\$2,600
CLERICAL ERROR	3	0	0.00%	N/A	\$0	0.00%	\$1
FAIL TO ANTICIPATE TAX CONSEQUENCES	3	0	0.00%	N/A	\$ 0	0.00%	\$117
FAIL TO FILE DOCUMENTS WITH NO DEADLINE	3	1	1.54%	\$11,948	\$11,948	0.24%	\$602
FAILURE TO REACT TO CALENDAR	2	2	3.08%	\$97,923	\$195,845	3.86%	\$48,994
LOST FILE, DOCUMENT OR EVIDENCE	1	0	0.00%	N/A	\$0	0.00%	\$5,049
TOTAL	313	65	100.00%	\$78,025	\$5,071,631	100.00%	\$8,057

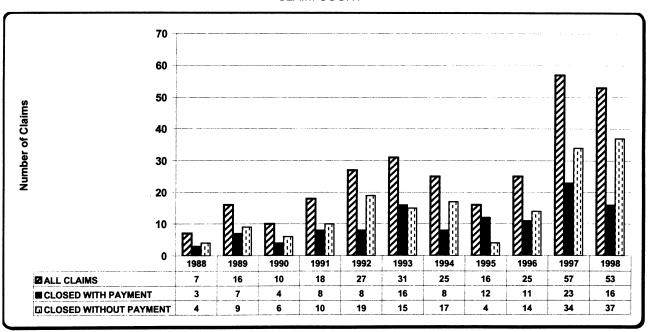
TRENDS OF THE TOP TEN ERRORS OR OMISSIONS OF 1998

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FAIL TO ASCERTAIN DEADLINE CORRECTLY

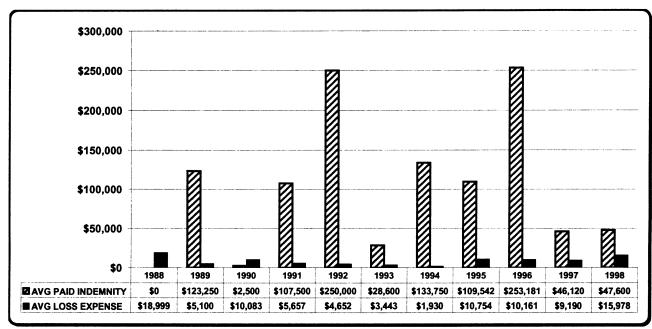
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

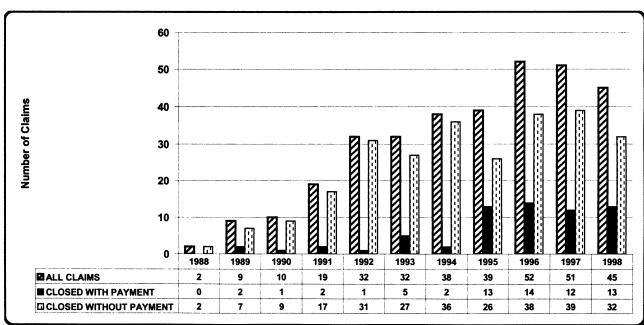




PLANNING OR STRATEGY ERROR

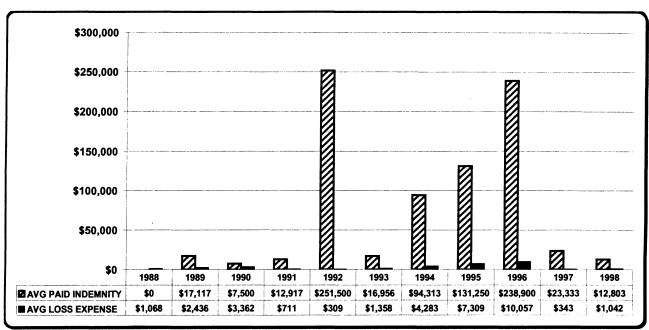
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

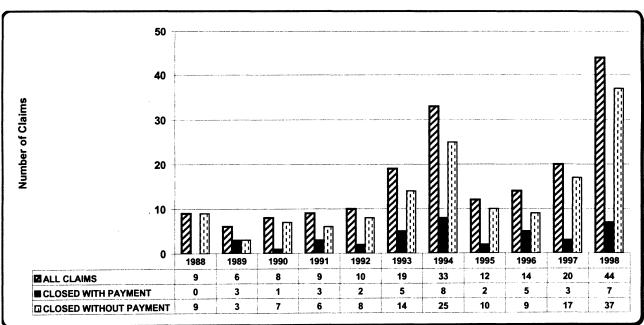




PROCRASTINATION OR LACK OF FOLLOW-UP

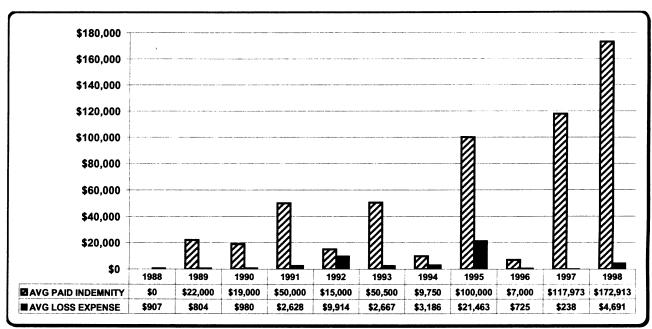
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

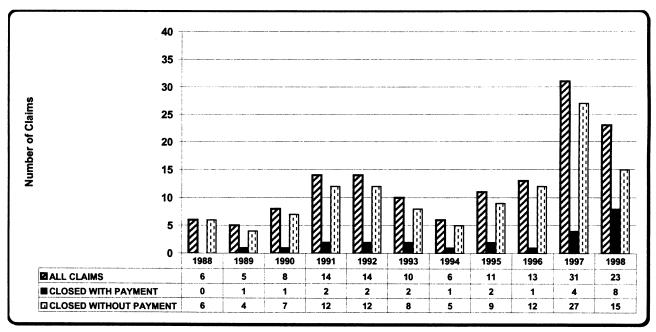




FAIL TO FOLLOW CLIENTS INSTRUCTIONS

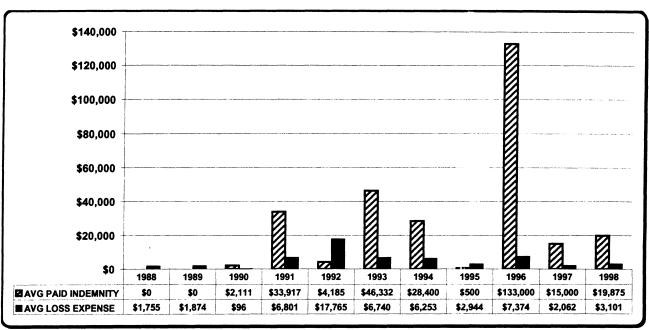
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

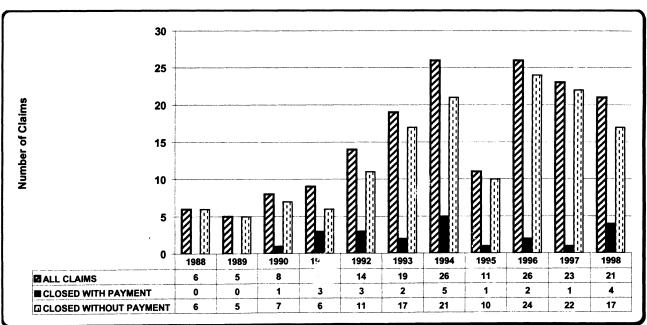




MALICIOUS PROSECUTION OR ABUSE OF PROCESS

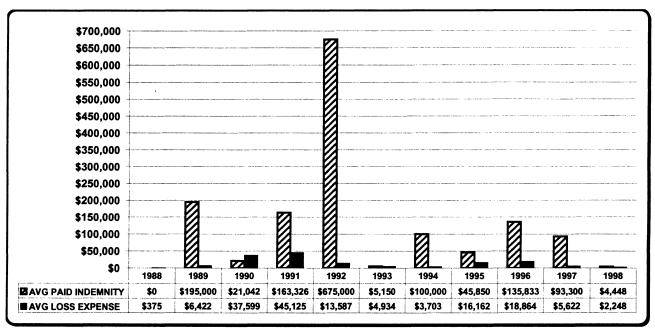
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

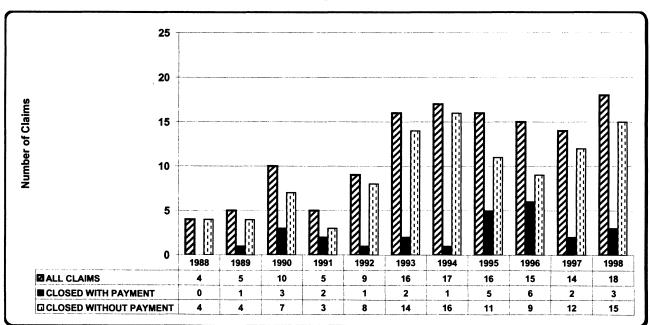




FAIL TO OBTAIN CLIENTS CONSENT

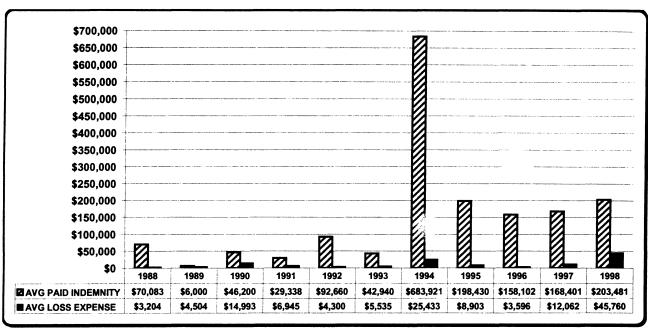
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

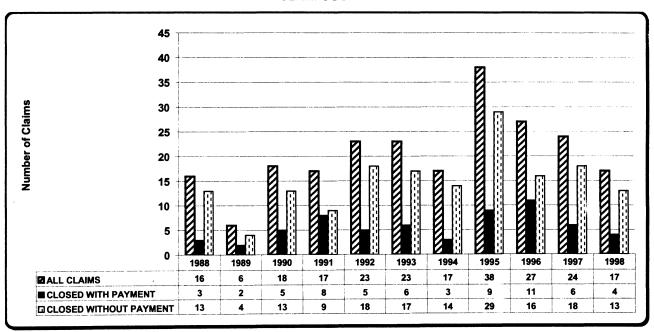




FAIL TO KNOW OR PROPERLY APPLY THE LAW

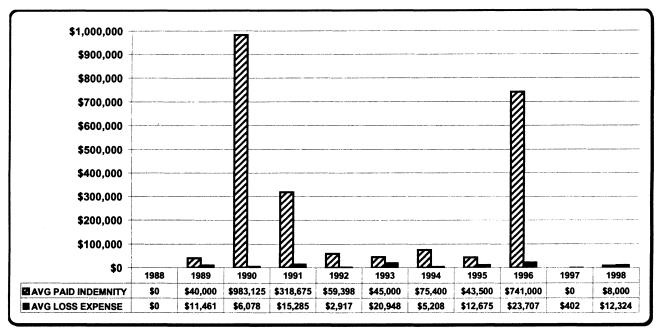
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

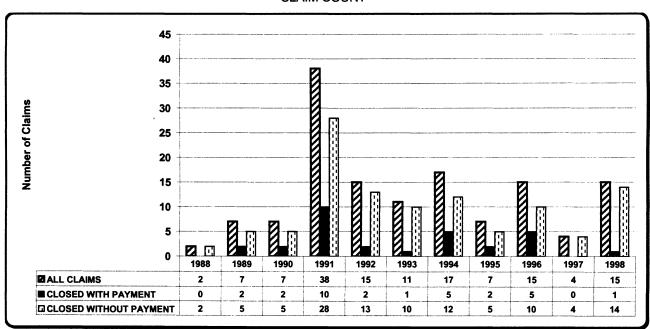




CONFLICT OF INTEREST

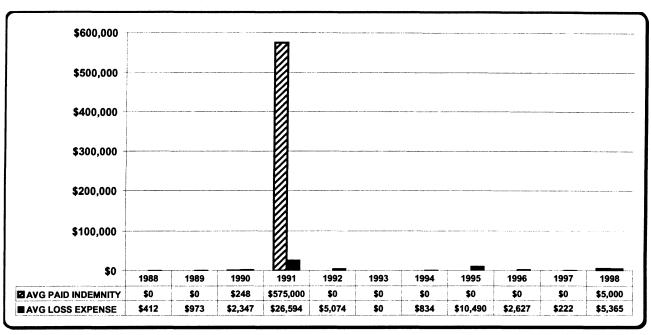
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

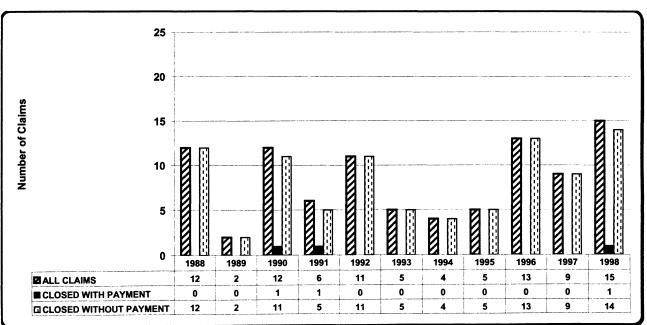




VIOLATION OF CIVIL RIGHTS

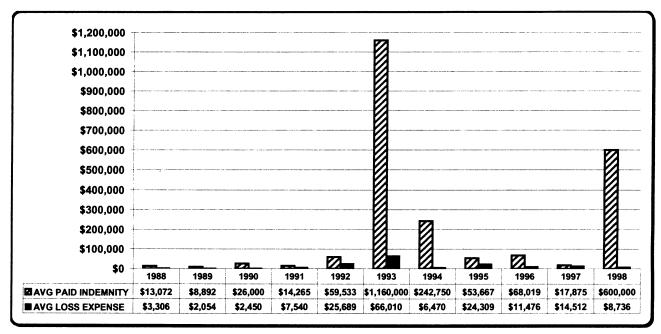
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

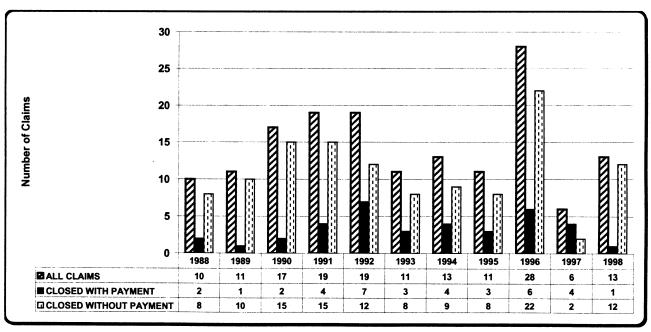




INADEQUATE INVESTIGATION

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE





ELEVEN YEAR SUMMARY & 1998 SUMMARY BY CLAIM DISPOSITIONS

LEGAL MALPRACTICE INSURANCE INDEMNITY A. ALYSIS FOR YEARS 1988 - 1998

CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	988	269	46.78%	\$79,273	\$21,324,559	34.10%	\$1,744
BEFORE TRIAL OR HEARING	815	256	44.52%	\$120,075	\$30,739,265	49.15%	\$18,803
CLAIM OR SUIT ABANDONED	438	4	0.70%	\$203,750	\$814,998	1.30%	\$1,809
AFTER JUDGMENT, BEFORE APPEAL	72	7	1.22%	\$65,193	\$456,351	0.73%	\$10,147
AFTER APPEAL	63	11	1.91%	\$440,050	\$4,840,553	7.74%	\$62,636
DURING TRIAL OR HEARING	47	13	2.26%	\$208,578	\$2,711,516	4.34%	\$20,366
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	25	3	0.52%	\$121,969	\$365,906	0.59%	\$13,157
DURING APPEAL	20	8	1.39%	\$122,458	\$979,663	1.57%	\$37,266
NOT SPECIFIED	6	4	0.70%	\$77,125	\$308,500	0.49%	\$7,647
DURING REVIEW PARTY	1	0	0.00%	N/A	\$0	0.00%	\$0
TOTAL	2,475	575	100.00%	\$108,76 ;	\$62,541,312	100.00%	*1 0 37

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1998

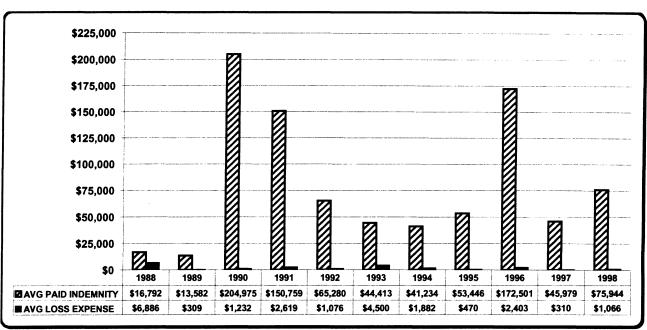
CLAIM DISPOSITION	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
BEFORE FILING SUIT OR DEMANDING HEARING	177	38	58.46%	\$75,944	\$2,885,856	56.90%	\$1,066
BEFORE TRIAL OR HEARING	105	23	35.38%	\$83,562	\$1,921,930	37.90%	\$16,545
CLAIM OR SUIT ABANDONED	10	0	0.00%	N/A	\$0	0.00%	\$1,815
AFTER APPEAL	9	0	0.00%	N/A	\$ 0	0.00%	\$39,306
AFTER JUDGMENT, BEFORE APPEAL	6	3	4.62%	\$31,000	\$93,000	1.83%	\$14,246
AFTER TRIAL OR HEARING, BEFORE JUDGMENT	3	1	1.54%	\$170,845	\$170,845	3.37%	\$33,238
DURING APPEAL	1	0	0.00%	N/A	\$0	0.00%	\$15,534
DURING REVIEW PANEL	1	0	0.00%	N/A	\$ 0	0.00%	\$0
DURING TRIAL OR HEARING	1	0	0.00%	N/A	\$0	0.00%	\$23,333
TOTAL	313	65	100.00%	\$78,025	\$5,071,631	100.00%	\$8,057

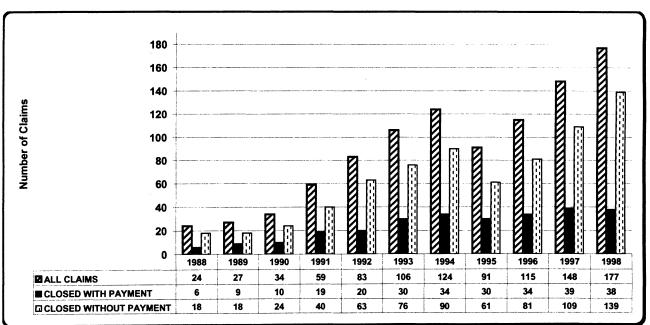
TRENDS OF THE TOP EIGHT CLAIM DISPOSITIONS OF 1998



BEFORE FILING SUIT OR DEMANDING HEARING

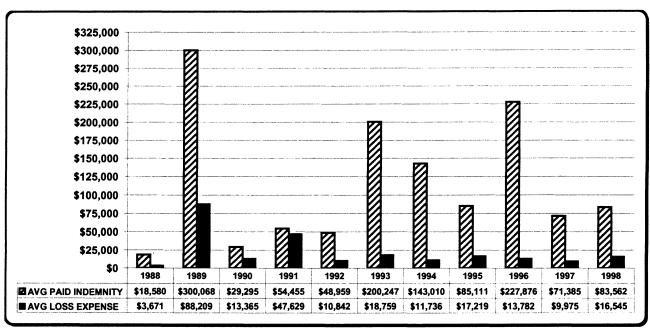
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

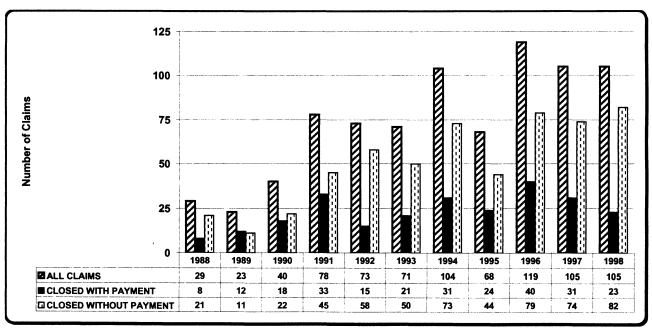




BEFORE TRIAL OR HEARING

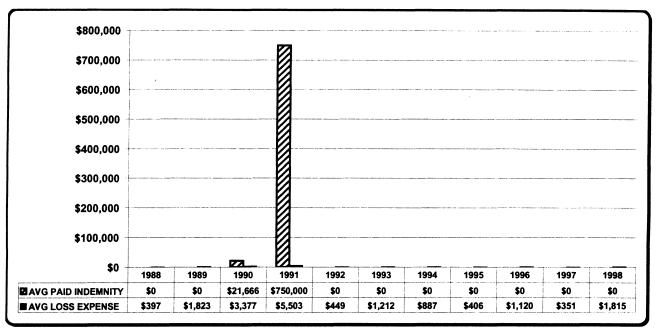
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

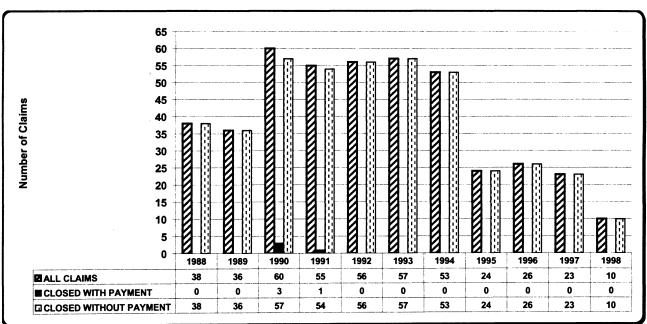




CLAIM OR SUIT ABANDONED

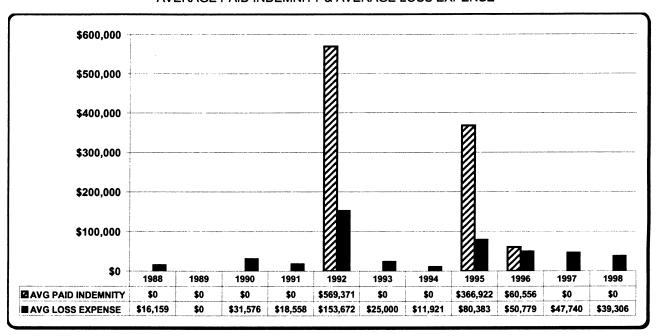
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

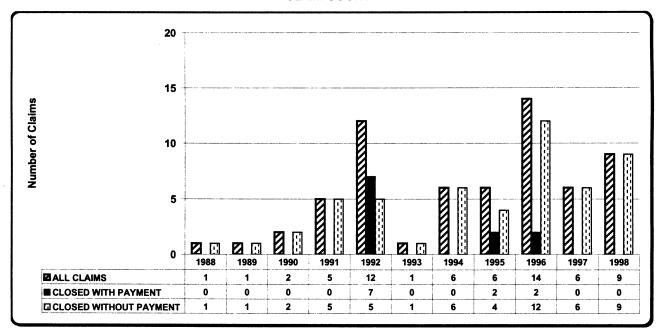




AFTER APPEAL

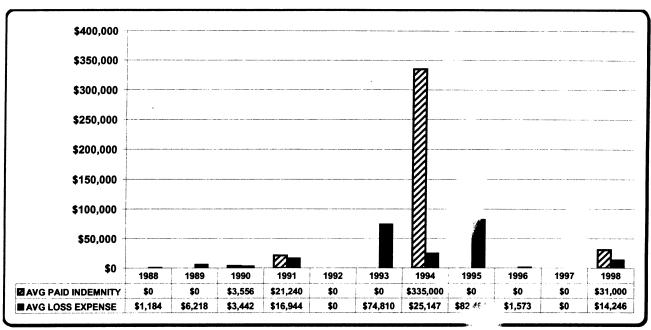
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

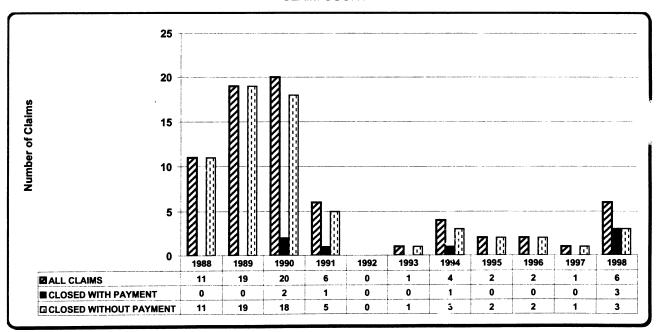




AFTER JUDGMENT, BEFORE APPEAL

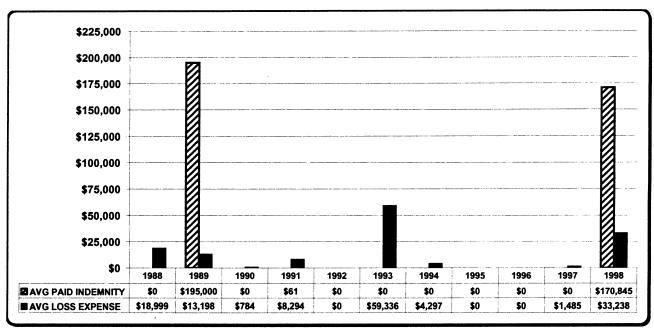
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

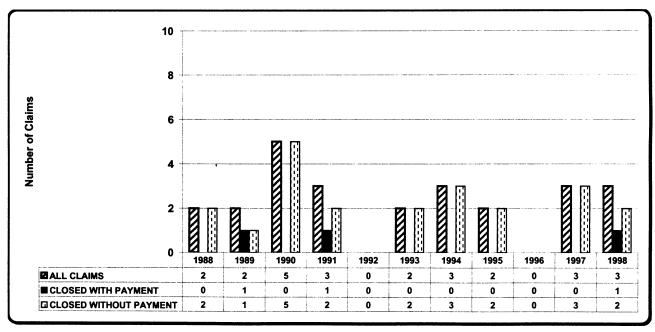




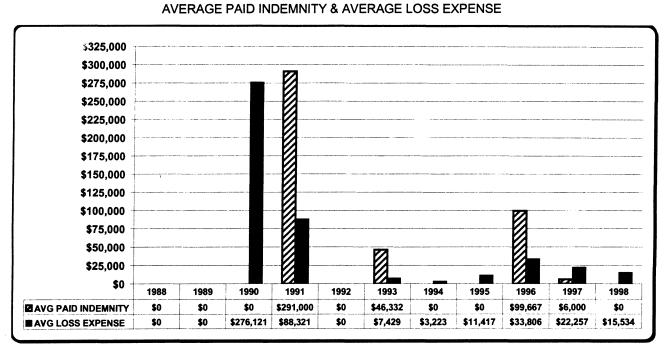
AFTER TRIAL OR HEARING, BEFORE JUDGMENT

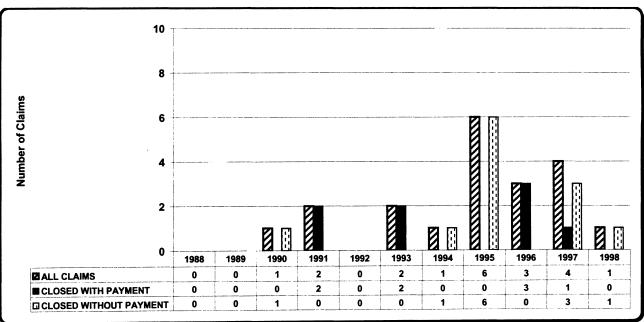
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE





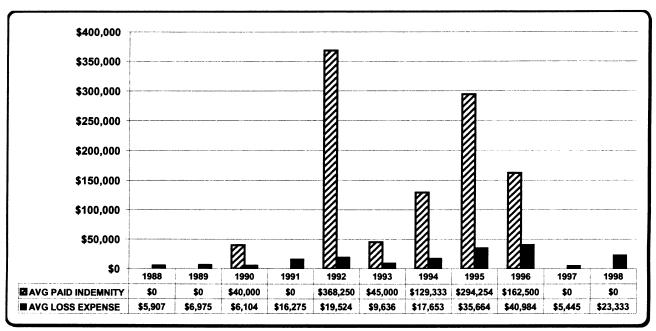
DURING APPEAL

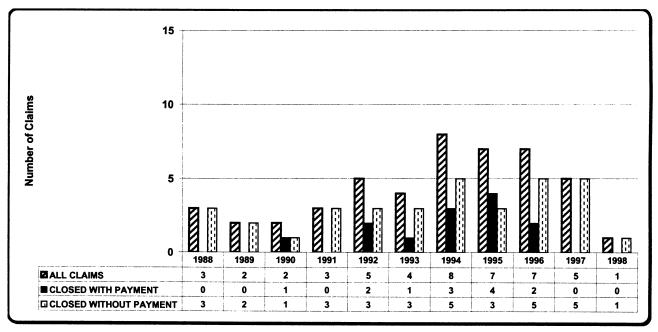




DURING TRIAL OR HEARING

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE





ELEVEN YEAR SUMMARY & 1998 SUMMARY BY YEARS ADMITTED TO PRACTICE



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1988 - 1998

YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	1,921	446	77.57%	\$119,319	\$53,216,083	85.09%	\$11,023
4 TO 10 YEARS	455	116	20.17%	\$69,143	\$8,020,618	12.82%	\$6,794
UNDER 4 YEARS	99	13	2.26%	\$100,355	\$1,304,611	2.09%	\$3,321
TOTAL	2,475	575	100.00%	\$108,767	\$62,541,312	100.00%	\$9,937

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1998

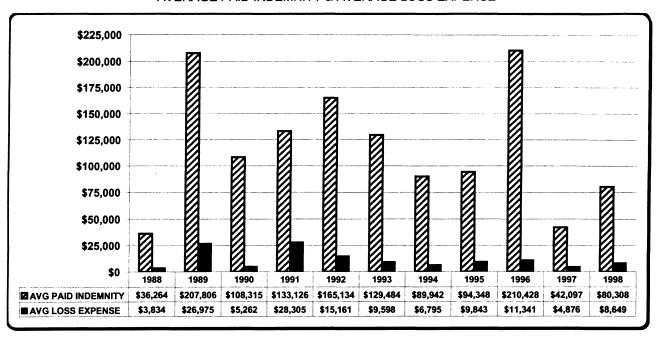
YEARS ADMITTED TO PRACTICE	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
OVER 10 YEARS	289	63	96.92%	\$80,308	\$5,059,381	99.76%	\$8,649
4 TO 10 YEARS	19	2	3.08%	\$6,125	\$12,250	0.24%	\$1,182
UNDER 4 YEARS	5	0	0.00%	N/A	\$0	0.00%	\$ 0
TOTAL	313	65	100.00%	\$78,025	\$5,071,631	100.00%	\$8,057

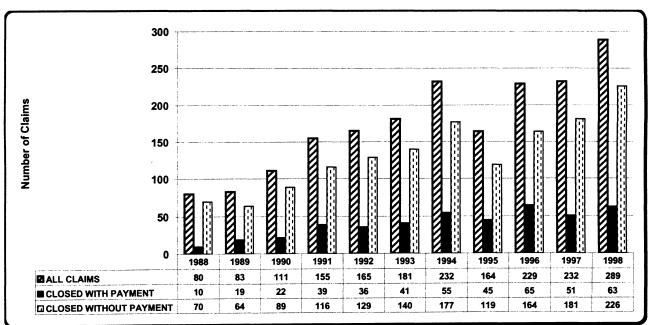
TRENDS OF YEARS ADMITTED TO PRACTICE FOR 1998



OVER 10 YEARS

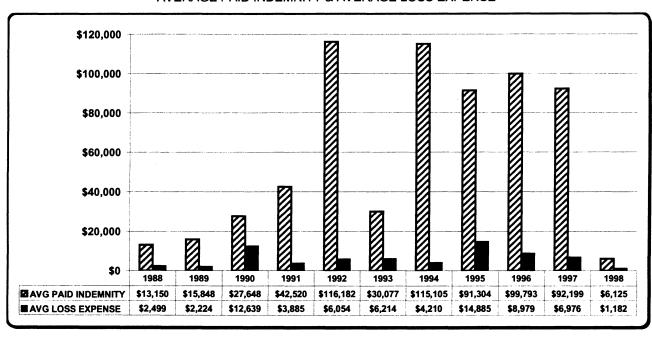
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

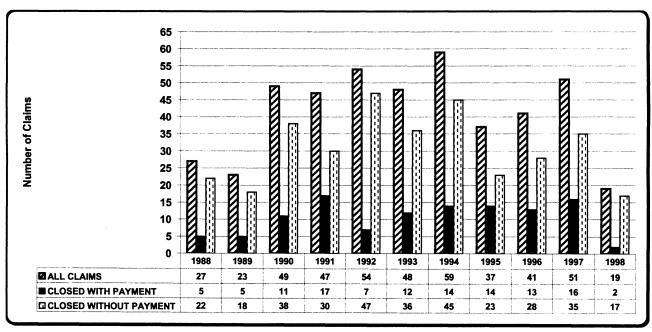




4 TO 10 YEARS

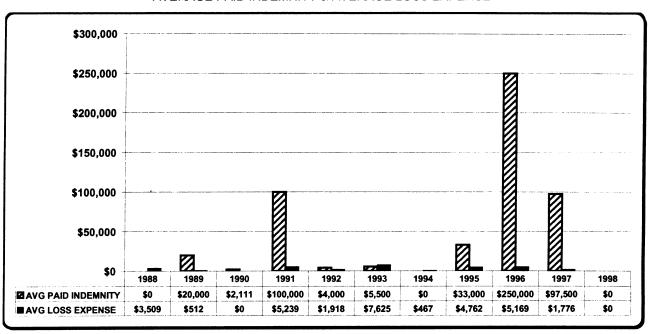
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

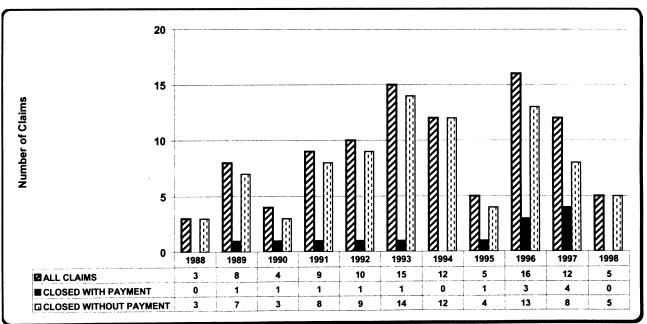




UNDER 4 YEARS

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE







ELEVEN YEAR SUMMARY & 1998 SUMMARY BY INSURED/CLAIMANT RELATIONSHIP



LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS FOR YEARS 1988 - 1998

INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR PRE- PAID LEGAL PLAN	1,828	480	83.48%	\$96,460	\$46,300,649	74.03%	\$6,960
NON-CLIENT	628	90	15.65%	\$179,568	\$16,161,164	25.84%	\$18,612
MEMBER PRE-PAID LEGAL PLAN	11	3	0.52%	\$16,500	\$49,500	0.08%	\$16,657
FREE LEGAL SERVICE	8	2	0.35%	\$15,000	\$30,000	0.05%	\$76
TOTAL	2,475	575	100.00%	\$108,767	\$62,541,312	100.00%	\$9,937

LEGAL MALPRACTICE INSURANCE INDEMNITY ANALYSIS CLAIMS CLOSED IN 1998

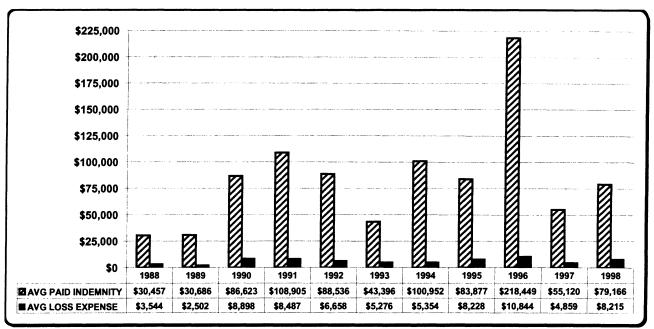
INSURED'S RELATIONSHIP TO THE CLAIMANT	ALL CLOSED CLAIMS	NUMBER OF PAID CLAIMS	PERCENT OF PAID CLAIMS	AVERAGE INDEMNITY PAID PER PAID CLAIM	TOTAL INDEMNITY	PERCENT OF TOTAL INDEMNITY	AVERAGE LOSS EXPENSE FOR ALL CLOSED CLAIMS
CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN	292	64	98.46%	\$79,166	\$5,066,631	99.90%	\$8,215
NON-CLIENT	21	1	1.54%	\$5,000	\$5,000	0.10%	\$5,866
TOTAL	313	65	100.00%	\$78,025	\$5,071,631	100.00%	\$8,057

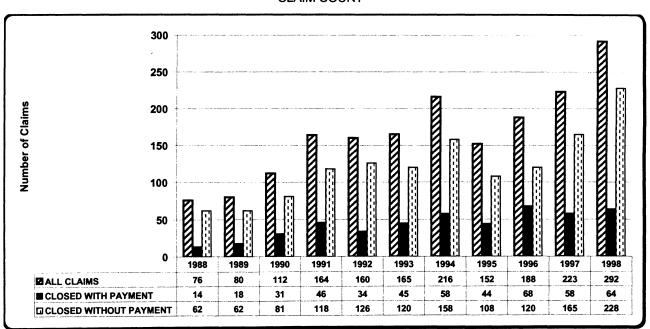
TRENDS OF INSURED/CLAIMANT RELATIONSHIP FOR 1998



CLIENT OTHER THAN FREE LEGAL SERVICE OR MEMBER OF PRE-PAID LEGAL PLAN

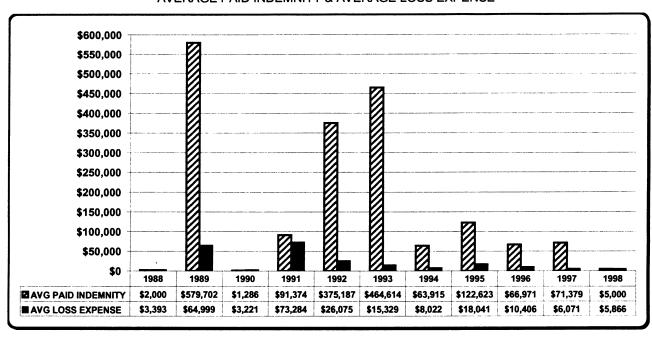
AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE

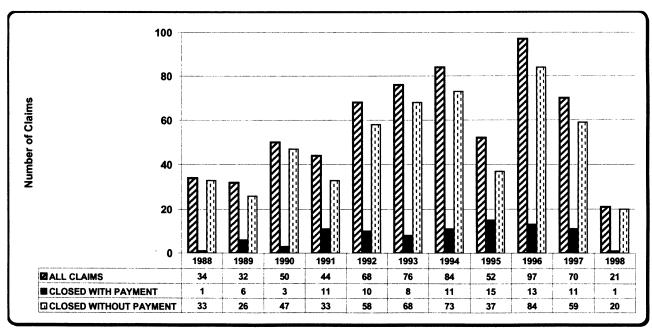




NON-CLIENT

AVERAGE PAID INDEMNITY & AVERAGE LOSS EXPENSE





PREMIUM AND LOSS DATA



PAGE 15 SUPPLEMENT LEGAL MALPRACTICE EXPERIENCE WITH MARKET SHARE

1998 EXPERIENCE

NAIC Company Code	Company Name	Market Share	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
29513	BAR PLAN MUTUAL INSURANCE CO THE	69.364%	\$8,708,649	\$8,973,774	\$3,000,084	33.43%
10037	INTERLEX INSURANCE CO	10.815%	\$1,357,769	\$1,184,566	-\$117,645	-9.93%
20443	CONTINENTAL CASUALTY COMPANY	4.932%	\$619,149	\$767,318	\$10,838,599	1412.53%
35181	EXECUTIVE RISK INDEMNITY INC	4.609%	\$578,600	\$1,012,831	\$692,776	68.40%
24767	ST PAUL FIRE & MARINE INSURANCE CO	3.543%	\$444,850	\$467,562	-\$156,790	-33.53%
19380	AMERICAN HOME ASSURANCE COMPANY	3.228%	\$405,288	\$336,658	\$2,076	0.62%
16691	GREAT AMERICAN INSURANCE COMPANY	1.630%	\$204,601	\$157,516	\$74,152	47.08%
26344	AGRICULTURAL INSURANCE COMPANY	1.275%	\$160,030	\$173,264	\$59,657	34.43%
24457	RELIANCE INSURANCE COMPANY	0.452%	\$56,715	-\$102,004	-\$103,551	101.52%
35289	CONTRACTINSURANCE COMPANY THE	0.154%	\$19,300	\$21,365	\$383	1.79%
21083	INTERNATIONAL INSURAR NY	0.000%	\$ 0	\$ 0	\$188,671	N/A
33723	AMERICAS PIRIT INSURANCE PANY	0.000%	\$ 0	\$0	-\$28,753	N/A
36781	VASA NORTH ATLANTIC INSURANCE COMPANY	0.000%	\$0	\$0	-\$743	N/A
	TOTAL	100.000%	\$12,554,951	\$12,992,850	\$14,448,916	111.21%

PAGE 15 SUPPLEMENT LEGAL MALPRACTICE EXPERIENCE

ELEVEN YEAR SUMMARY

YEAR	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
1988	\$9,260,469	\$1,391,682	\$761,906	54.75%
1989	\$11,516,685	\$10,804,382	\$2,553,682	23.64%
1990	\$13,470,027	\$13,141,708	\$3,682,919	28.02%
1991	\$13,328,666	\$12,830,301	\$16,296,819	127.02%
1992	\$12,851,244	\$12,030,069	\$10,439,781	86.78%
1993	\$12,862,384	\$13,214,324	\$10,510,114	79.54%
1994	\$16,489,175	\$15,654,256	\$15,863,938	101.34%
1995	\$15,119,433	\$16,142,706	\$11,619,877	71.98%
1996	\$13,807,557	\$14,103,128	\$7,300,262	51.76%
1997	\$14,580,412	\$13,614,619	\$8,059,195	59.20%
1998	\$12,554,951	\$12,992,850	\$14,448,916	111.21%
11-Year Total	\$145,841,003	\$135,920,025	\$101,537,409	74.70%

PAGE 15 SUPPLEMENT LEGAL MALPRACTICE EXPERIENCE

ELEVEN YEAR LOSS RATIO SUMMARY

